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C O N F I D E N T I A L SECTION 01 OF 02 ASTANA 001006

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TAGS: <u>PREL PGOV PHUM ENRG ETRD KDEM RU IR KZ</u>
SUBJECT: KAZAKHSTAN: KEY MAJILIS LEADER NAMED AMBASSADOR TO IRAN, DISCUSSES INTERNET LAW, ALIYEV CASE, EARLY ELECTIONS

REF: ASTANA 0943

Classified by: Ambassador Richard E. Hoagland, 1.4 (b), (d)

11. (C) SUMMARY: Majilis International Relations, Defense, and Security Committee Chairman Nurbakh Rustemov told the Ambassador on June 11 he has been appointed ambassador to Iran and is awaiting agrement. He described the draft Internet law as "not right, but necessary," admitted that it was partly motivated by the Rakhat Aliyev case, but thought President Nazarbayev might veto it. Rustemov said he had heard Aliyev is in the U.S. witness protection program -- which the Ambassador emphatically denied. Rustemov believes there will be early parliamentary elections later this year, which should bring in a multi-party parliament, improving the country's image. He described the Russian-Kazakhstan-Belarus customs union as a positive development which will bring economic benefits to Kazakhstan. Commenting on the arrests at Kazatomprom, he said he had raised concerns about the company's deals several years ago. END SUMMARY.

### RUSTEMOV NAMED AMBASSADOR TO IRAN

- ¶2. (C) During a June 11 lunch, Majilis International Relations, Defense, and Security Committee Chairman Nurbakh Rustemov informed the Ambassador that President Nazarbayev had selected him to be Kazakhstan's new ambassador to Iran. He said he had previously declined general offers from Nazarbayev of an ambassadorial posting, but agreed to this specific proposal because he could not turn down an appointment to an important regional power. Rustemov explained that he is awaiting agrement, but believes he could be in Tehran as early as August. He said that as far as he understood, he will have a staff of about 12 diplomats and administrative and technical personnel.
- 13. (C) Rustemov, who speaks fluent English but does not know Farsi, said he has been reading up on Iran since his appointment. He expressed keen interest in U.S. policy toward Iran and in the June 12 Iranian presidential elections. Rustemov argued that positive change in Iran would benefit the entire region, and said it is important that there not be a U.S. military attack against Iran.
- 14. (C) Rustemov described Kazakhstan-Iran relations as generally good. However, he said despite a lot of interest, there has really

has not been much Kazakhstani investment in Iran thus far because of the difficult investment climate. There is a lack of trust, as well as Iranian legislation which restricts foreign currency operations. Rustemov noted that Kazakhstan's embassy in Tehran actually maintains its bank account in Dubai.

15. (C) Rustemov admitted that he isn't really comfortable in "eastern countries" -- and appeared concerned that his wife and 10-year old daughter might have to wear burkas in Iran -- but said he will have to change himself and get rid of the "internal discomfort." (NOTE: Rustemov also has a 17-year old son who is studying at Oxford. END NOTE.) Rustemov said that despite his appointment, he still intends to visit the United States in July, and would like to participate in a U.S. government exchange program. (NOTE: We are trying to arrange a Voluntary Visitor's Program for Rustemov. Given his upcoming ambassadorship in Tehran, it would be useful if he could meet in Washington with senior U.S. officials working on Iran issues. END NOTE.)

## INTERNET LAW NOT RIGHT, BUT NECESSARY

16. (C) The Ambassador told Rustemov that we are concerned about the pending Internet law, which recently passed the Majilis and is currently under Senate consideration. Rustemov responded that the law "is not right, but it's a necessity," admitting that the Rakhat Aliyev case is one of the motivations behind it. Rustemov said that as a practical matter, those who know how to use the Internet would be able to evade any restrictions imposed by the legislation. "Unfortunately, we have people who, for the sake of scoring political points, have managed to persuade everyone that this is something that will benefit the country, even though in reality, it's damaging in

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the long run," Rustemov argued. He added, "I think that the head of state will once again show himself to be the wisest one and will refuse to sign the legislation."

## BELIEVES ALIYEV UNDER U.S. PROTECTION

17. (C) Rustemov noted the irony of the claim by the Procurator General's Office that Aliyev's book, "Godfather-in-Law," contains state secrets. "Are they implying that what's in the book is true?," he quipped. He told the Ambassador that he had heard that Aliyev and his associate Alnur Musayev are in the U.S. witness protection program. The Ambassador emphatically denied this, explaining that the U.S. government has no intention of getting involved in the Aliyev affair. Rustemov looked slightly skeptical and said, "But that's what 'they' tell us."

# SUPPORTS EARLY ELECTIONS

18. (C) The Ambassador asked about the prospects for early parliamentary elections. Rustemov responded that he believes there will be early elections later this year. He explained that he, Presidential Advisor Yermukhamet Yertysbayev, and Foreign Minister Tazhin all strongly support the idea. New elections that result in a multi-party parliament would help Kazakhstan's image -- "would make us look presentable" -- on the eve of the country's 2010 OSCE chairmanship.

## CUSTOMS UNION GOOD FOR KAZAKHSTAN

19. (C) The Ambassador asked Rustemov about the announcement that Kazakhstan, Belarus, and Russia will suspend their individual WTO accession negotiations and instead launch negotiations to accede jointly, as a customs union. Rustemov described the customs union as a very positive development which will bring Kazakhstan significant economic benefits. Kazakhstan had long wanted to unify its customs procedures with Russia, but the Russians had previously avoided reaching agreement. "We will gain a lot from being able to ship products to Russia without any customs formalities," Rustemov argued. He indicated that WTO membership remains important for Kazakhstan, pointing out the country continues to adopt new legislation to make its laws WTO compliant. Rustemov appeared surprised to hear from the Ambassador that there is no provision for customs unions to accede to the WTO without their member states doing so individually.

- 110. (C) Rustemov also stressed the importance of establishing a union of Central Asian countries -- a concept strongly endorsed by President Nazarbayev. "It would be good if the United States could press our neighbors to accept this," he said. The Ambassador noted that one regional leader in particular -- i.e., Uzbek President Karimov -- remains opposed. Rustemov responded, "We will succeed in the end in establishing this organization regardless of what other presidents think. In the end, our president proves that he is always correct."
- 111. (C) Rustemov told the Ambassador that Kazakhstan is trying to establish a grain exporters union with Russia and Ukraine -- and conceded that the model they are aiming for is OPEC. The idea came from the Russians, but the Ukrainians are not yet fully on board.

#### CONCERNS ABOUT KAZATOMPROM

112. (C) Commenting on the recent wave of arrests at state-owned nuclear company Kazatomprom (see reftel), Rustemov said that he had raised concerns several years ago, questioning the deals the company was making to sell uranium deposits to foreign investors. He added that he is concerned about the fact that the son of Vladimir Shkolnik, Kazatomprom's new head, has a high-level position at Russia's Rosatom.

HOAGLAND